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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA  
10

11 In the Matter of the Request of )  
12 DANIEL W. HEATH, HEATH & ASSOCIATES, ) OAH No. L-1998040123  
13 INC., HEATH PARTNERS, PRIVATE ) File No.: ALPHA  
14 CAPITAL MANAGEMENT, INC., PCM FIXED )  
15 INCOME FUND I, LLC, and HEATH ) STIPULATED SETTLEMENT  
16 PARTNERS/C.W.D. PARTNERS, )  
17 Respondents, )  
18 to )  
19 THE COMMISSIONER OF CORPORATIONS )  
20 OF THE STATE OF CALIFORNIA, )  
21 Complainant, )  
22 for a hearing pursuant to Section )  
23 25532 of the Corporate Securities )  
24 Law of 1968. )  
25

26 The parties to this action, COMPLAINANT, THE  
27 COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, and  
28 RESPONDENTS, DANIEL W. HEATH, HEATH & ASSOCIATES, INC.,  
HEATH PARTNERS, PRIVATE CAPITAL MANAGEMENT, INC., PCM FIXED  
INCOME FUND I, LLC, and HEATH PARTNERS/C.W.D. PARTNERS  
("RESPONDENTS"), wishing to save time and expenses from  
further litigation of this matter, stipulate as follows:

1           1.   RESPONDENTS hereby withdraw their request for  
2 a hearing before the Office of Administrative Hearings and  
3 waive any further right to appeal, in any forum, the  
4 issuance of the two Desist and Refrain Orders that are the  
5 subject matter of this proceeding. In withdrawing their  
6 request for a hearing and waiving their rights of appeal,  
7 RESPONDENTS admit no violation, liability, fault or breach  
8 of any statute, regulation or order.

9           2.   COMPLAINANT stipulates that nothing in the  
10 two Desist and Refrain Orders is intended to prevent  
11 RESPONDENTS from offering and selling any security pursuant  
12 to a qualification or to any exemption from the  
13 qualification requirement under the Corporations Code.

14           3.   COMPLAINANT further stipulates that nothing  
15 in the two Desist and Refrain Orders is intended to be a  
16 statement as to the integrity of RESPONDENTS, their officers  
17 or agents, or of the investment potential of any security  
18 that RESPONDENTS might offer now or in the future, including  
19 the investments subject to these Desist and Refrain Orders.

20           4.   Each signatory hereto covenants that he  
21 possesses all the necessary capacity and authority to sign  
22 and to enter into this Stipulation.

23 DATED: 5/11/98

DALE A. BONNER  
Commissioner of Corporations

24  
25 By: \_\_\_\_\_  
MARK E. HARMAN, Sr. Trial Counsel

26  
27  
28 (additional signatures on next page)

MAY-25-1998 13:18 FROM CORP ENF SRD

TO

89098903501 P.04

1 DATED: 5-8-98

DANIEL W. HEATH  
Respondent

2  
3 DATED: 5-8-98

HEATH & ASSOCIATES, INC.  
Respondent

4  
5 By: DANIEL W. HEATH  
President

6  
7 DATED: 5-8-98

HEATH PARTNERS  
Respondent

8  
9 By: DANIEL W. HEATH  
Managing Partner

10 DATED: 5-8-98

PRIVATE CAPITAL MANAGEMENT,  
INC.  
Respondent

11  
12 By: DANIEL W. HEATH  
President

13  
14 DATED: 5-8-98

PCM FIXED INCOME FUND I, LLC,  
Respondent

15  
16 By: DANIEL W. HEATH  
President

17  
18 DATED: 5-8-98

HEATH PARTNERS/C.W.D.  
PARTNERS  
Respondent

19  
20 By: DANIEL W. HEATH  
Managing Partner

21  
22  
23 Approved as to form and content  
DATED: 5-8-98

24  
25 MARE R. McDONALD, ESQ.  
Attorney for Respondents